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SOURCE Lu-ta Jen-min Jih-pao.

RECENT STUDIES OF DAIREN COOPERATIVES
SHOW WIDESPREAD DEFICIENCIES

Dairen -- In line with the rectification movement, the central office of the Dairen-Port Arthur Cooperative is examining the deficiencies in its past activities, after a considerable period of study and research with such documents as "Laws of the China People's Democratic Cooperatives" and "Rules and Regulations for the Basic-Level Cooperative" in rough-draft form. Several essential problems which arose in the course of study will be discussed here.

At present, some of the cooperatives still do not really resemble cooperatives because, for a long time, high-level cooperatives have not been issuing timely definite directives or otherwise helping the basic-level units to solve administrative problems. Furthermore, many of the cadres are ideologically confused and have continually thought only in terms of making a profit. The program of self-examination conducted by the various cooperatives has revealed that among the 85 basic-level cooperatives participating in the study, 25 had grossly violated the cooperative regulations. Such violations fall into the following categories:

1. Sales Agencies for Executive and Administrative Organs

In their daily business, these cooperatives market, for executive and administrative organs, products which the cooperative members themselves do not require, such as chemicals, architectural materials, etc., and purchase all types of raw materials, metal parts, and the like. Their capital is supplied largely by executive and administrative organs. At one basic-level cooperative, for example, 53 percent of the transactions involved such nonessential products.

2. Labor Union Welfare Agencies

Capital for such workmen's cooperatives comes from union workmen's insurance funds. In one instance, 87 percent of the cooperative's capital derived from such funds. Under these circumstances, the business operations and the cadres themselves are completely under union control. Some of these

- 1 -

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cooperatives have become veritable relief agencies, selling on credit and otherwise following illegal business practices.

3. Private Sales Outlets

Although some of these cooperatives are financed by the members' shares, they still carry their transactions into the open market instead of limiting their trade to the membership. They do not purchase goods in accordance with their members' requirements. In marketing goods, they do not discriminate between members and nonmembers; they sell simply to make money. Other cooperatives of this type are built on unlimited subscription, in such a way that they actually become partnership outlets (since the profits in such cases are distributed in proportion to the shares). In one such workmen's cooperative, four individuals hold 50 shares each and ten hold 25 shares each; the share is worth 540,000 yuan, or 135 chin of southern Liaoning corn. This sort of organization constitutes a serious violation of the principle of the masses in cooperatives.

There is also laxity of planning activities among the various cooperatives. Many cooperatives today have no concern for calculations; they think simply in terms of "buy 'em, then sell 'em." With no data or research relating to the purchasing power of their membership, these cooperatives conduct their business blindly. Though some have set quotas, their quotas are just estimates made by the cadres themselves. When such cooperatives market their goods without quotas or sound bases of business operation, they find either that their supplies are inadequate or that their goods are piling up. Spoilage in accumulated goods accounts for considerable loss.

Cadre education has also been inadequate. There are still cadres everywhere who show an attitude of unwillingness to perform their cooperative duties. They feel that there is no profit to be made by running the cooperatives, and that the duties involved are much too complex; they make no attempt to attain a "purity" of executive and administrative function. Other cadres recognize the importance of cooperative activities but, fearing that their own functional capacities are hopelessly low, they never build up faith in the cooperative enterprise. Such mistaken ideologies lead to ill-considered, erratic business practices and, ultimately, to avarice and corruption. Cooperatives of this type operate on unsound systems, with chaotic ledgers and material waste, showing no profit and in the end, tremendous losses. In this recent study, it was found that losses from theft, erratic bookkeeping, and greed among the cadres amounted to more than 2.6 billion yuan, which could defray the expenses of 1,400 cadres for a month. There is also a tremendous amount of waste expenditure; during the first half of 1950, some cooperatives spent as much as 12.4 percent of their profits.

The recent self-examination also revealed inadequate democratization in cooperative management. This is especially true of workmen's consumer cooperatives. The organization of the masses has been bad from the outset. A great many cooperatives today have no organized groups within their membership. Some cooperatives have no supervisory organizations at all; others have such organizations but, as they do not meet regularly, they exist in name only. The supervisory organizations of many workmen's consumer cooperatives are not elected from among the membership but are rather appointed from among the cadres of labor unions or administrative organs. Certain cooperatives in farming villages choose for their cadres persons concurrently serving as village officials. Some cooperatives held perfunctory general sessions at the time they were first organized, then did not meet again for as long as 3 years afterwards.

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- 2 -

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